



There's life beyond World of Warcraft

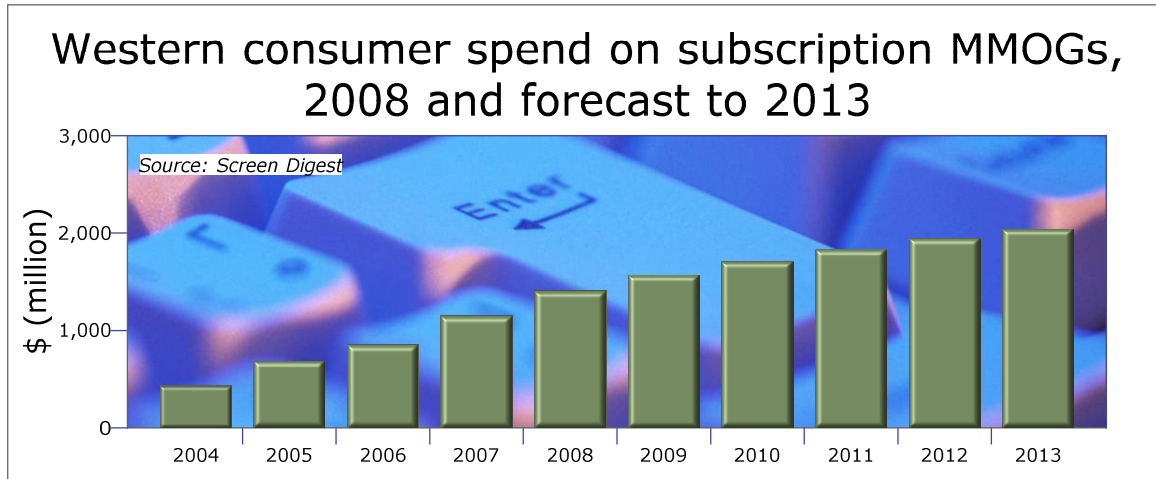
Online gamers will spend \$2bn on MMOG subscriptions by 2013

London 24th March 2009: The latest research from media analyst Screen Digest (www.screendigest.com) on subscription massively multiplayer online games (MMOGs) shows good growth from a market driven to innovate by the dominance of Activision Blizzard's World of Warcraft.

The report entitled 'Subscription MMOGs: Life beyond World of Warcraft' reveals that the subscription-based MMOG market grew by 22% in 2008 and reached consumer spending levels of \$1.4 billion in North America and Europe. Screen Digest expects the subscription market to continue growing at a good pace for at least the next five years driven by consumer acceptance of predictable subscription payments and the innovative use of premium subscription business models. Other drivers include the continued introduction of more mainstream games services, broadband internet adoption and the overall development of the European market.

Piers Harding-Rolls, Senior Analyst and Head of Games at Screen Digest said: "Industry commentators have for some time been using the example of the Asian online games market to proclaim the death of subscription business models in the West, praising the accessibility and flexibility of free-to-access games that generate revenue by encouraging players to make micro-transactions as part of the gaming experience. Screen Digest has always advocated a mixed model approach for the markets in North America and Europe. Subscriptions remain an important and lucrative way of monetising MMOGs in the West across all game settings and consumer groups, and the results in 2008 support this view.'

Chart: Western consumer spend on subscription MMOGs, 2008 and forecast to 2013



With a 58% share of Western consumer spending on subscription MMOGs and over \$2.2 billion in cumulative spending on subscriptions since the beginning of 2005, World of Warcraft remains dominant in the market. However, growth in consumer spending on other subscription titles was robust during 2008 at 27%, confirming continuing adoption of the business model across other games and services as well. These results are encouraging for the future of subscriptions in MMOGs and show a marked improvement on 2007 where growth in ex-WoW consumer spending was just 12%.

Premium subscriptions continue their ascendance

The release of Age of Conan from Funcom and Warhammer Online from EA/France Telecom (GOA) and a full year's trading of Lord of the Rings Online from Turbine/Codemasters have helped grow high-end traditional subscription sales, but much of 2008's growth has come from games that employ premium subscription models. Standard subscriptions, where users pay a recurring monthly fee to access a games service, have been around since the inception of the MMOG market, while premium subscriptions are a more recent development and tend to be applied to freely distributed, downloaded and accessed games. While many features are free to use, players are encouraged to sign up to a subscription to access premium content. In a

highly competitive marketplace this is a powerful way of hooking players in to the games experience and preparing them for a premium up-sell opportunity at a later date. As the report identifies, two of 2008's biggest subscription titles were Club Penguin operated by Disney and RuneScape operated by UK company Jagex, both of which offer premium subscriptions to their players.

Harding-Rolls concludes "As a share of the total ex-WoW 2008 market, consumer spending on premium subscriptions grew by 11% year-on-year, from 35% to 46%. This swing towards premium subscriptions has helped reinvigorate a diverse market that was threatening to be overwhelmed by the dominant success of World of Warcraft. Overall, the outlook for subscription-based MMOGs remains positive over the next five years. By 2013, we expect the subscription market to top \$2bn in consumer spending and for it to maintain its role as a key business model for monetisation alongside micro-transactions.

However, accessing the MMOG market remains a high-risk endeavour considering the amount of up-front investment that is needed to build, launch and manage a service. Heavy competition and the complicated nature of MMOG service delivery means that commercial failure for many new subscription titles is an unfortunate reality. "

Ends

For more information please contact:

Media enquiries: Lucy Green, PR Consultant

Tel: +44 (0) 7817 698366 lgreen@greenfieldscommunications.com

Screen Digest: Fay Hamilton, PR and Promotions Manager

Tel: +44 (0) 20 7424 2847 fay.hamilton@screendigest.com

About this research

The report 'Subscription MMOGs: Life beyond World of Warcraft' is a detailed review of the subscription market for massively multiplayer online games in North America and Europe. It includes market sizing for 2008 and updated forecasts to 2013 for key territories within those regions, details subscription numbers and consumer spending shares by title and by region, examines MMOG service operator market shares and provides an analysis of the most recent content trends based on market value. With 113 charts and tables, this is Screen Digest's most comprehensive and detailed review of the MMOG subscription market.

About Piers Harding-Rolls, Senior Analyst and Head of Games

Piers has been the lead Games Analyst at Screen Digest since 2005. As head of the Games Team he leads projects in games-related consulting, produces industry leading reports on games markets and manages the development and expansion of the online games intelligence service into new areas of coverage. Piers writes widely on the games sector and is a regular speaker on different games markets at industry events and to the media.

About Screen Digest

Screen Digest is the pre-eminent firm of industry analysts covering global media markets. Headquartered in London, with offices in New York and Monterey, California, we employ a team of 40 specialist analysts covering film, television, broadband, mobile, cinema, home entertainment and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on. Most recently we have launched Global Media Intelligence (GMI), a new service which provides research and analysis specifically for media-focused institutional investors. www.screendigest.com. To find out more, contact Screen Digest sales@screendigest.com Tel: +44 (0) 20 7424 2820